



MINUTES

CITY OF SCOTTSDALE FIRE LOCAL BOARD OF THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS) SPECIAL MEETING

10:00 a.m., Thursday, November 8, 2012
Police and Fire Department Headquarters—Operations Room
8401 E. Indian School Road
Scottsdale, Arizona 85251

PRESENT: Jack Cross, Chairman/Mayoral Designee
Todd Cavner, Elected Member
Velicia McMillan Humes, Citizen Member/Merit Head (arrived at 10:06 a.m.)
Steve Springborn, Elected Member

ABSENT: Jeffrey Burg, Citizen Member

STAFF: Ken Nemec
Chanda Washington

OTHERS: Hannah Auckland, Esq.
Firefighter Christopher Burrows

Call to order

Chairman Cross called the meeting to order at 10:05 a.m. He stated that the first order of business was the acknowledgement of Board Member Burg's excused absence and Board Member McMillan Humes' expected late arrival.

Roll call

A formal roll call confirmed the members present as stated above.

Possible Executive Session:

Executive Session may occur at any time during this meeting.

1. Review and approval of meeting minutes—October 18, 2012

BOARD MEMBER CAVNER MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE OCTOBER 18, 2012 PSPRS FIRE LOCAL BOARD MEETING AS PRESENTED. BOARD MEMBER SPRINGBORN SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF THREE (3) TO ZERO (0). BOARD MEMBER BURG WAS ABSENT AND BOARD MEMBER MCMILLAN HUMES ARRIVED LATER.

2. Discussion and vote on the Accidental Disability Retirement application of Fire Fighter Christopher Burrows

Chairman Cross explained that since the Applicant had not signed a waiver of confidentiality the Board could not discuss any medical information during open session. He noted for the record that Board Member McMillan Humes arrived at 10:06 a.m.

In response to Board Member Springborn's inquiry regarding whether the Board should adjourn into executive session to receive an overview of the application of Fire Fighter Burrows, Ms. Auckland opined that there was sufficient information within the written report and suggested that the Board only adjourn into executive session if it feels the need to obtain legal counsel.

Board Member Springborn expressed his concern that the state may reject this application if it feels that the Board did not provide proper review of the application and IME report. He stated that if the Board feels that the IME report was sufficient to move forward he was satisfied with its decision.

Chairman Cross commented that the medical report from the IME physician appeared to be very thorough and complete, noting that the questions were answered very succinctly.

BOARD MEMBER SPRINGBORN MOVED TO APPROVE THE ACCIDENTAL DISABILITY RETIREMENT APPLICATION OF FIREFIGHTER CHRISTOPHER BURROWS SINCE HE DOES MEET STATUTORY REQUIREMENTS, SUBJECT TO FINAL PAYROLL CALCULATIONS AND QUALIFIED DOMESTIC RELATION ORDERS. BOARD MEMBER MCMILLAN HUMES SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). BOARD MEMBER BURG WAS ABSENT.

Chairman Cross expressed the Board's appreciation of Firefighter Christopher Burrows' many years of service to the citizens of the City of Scottsdale.

Board Member Springborn recommended that staff add Dr. Prince to the Board's list of preferred IME physicians and the Board concurred with his recommendation.

3. Discussion of possible pre-existing condition applicable to recent inductee, Firefighter Michael Rapps

Mr. Nemec reported that Firefighter Rapps was inducted into the PSPRS on October 18, 2012, pointing out that there was a herniated disc diagnosed approximately two years ago which was noted on his pre-employment physical exam as a pre-existing condition.

He recalled that the Board inquired whether that injury was sustained on the job during Firefighter Rapps' employment with the Sun City Fire Department in order to determine whether it should be considered a pre-existing condition or not.

Mr. Nemec explained that last week Firefighter Rapps informed him that a few years ago he experienced spontaneous upper back and neck pain, noting that it was not the result of an on the job incident, nor did it require a worker's comp claim.

Board Member Springborn expressed his appreciation of staff's diligent research into the matter. He stated that that he did not want a waiver to exist in the firefighter's file which pertained to an injury that may have occurred while on the job.

Chairman Cross requested that documentation reflecting staff's findings be included in Firefighter Rapps' file.

4. Discussion of method by which service transfers are calculated by PSPRS

Mr. Nemec recalled that staff had requested that Public Safety review prior service transfers completed over the past couple of years in order to clarify the methods used to calculate service credits transferred from other agencies into the City of Scottsdale Fire Local Board fund. Approximately ten additional PSPRS Fire and Police Board service transfers were identified. Mr. Nemec noted that Public Safety provided staff with actuarial workups related to the funds transferred.

Mr. Nemec stated that the methodology appears to have changed over the years, pointing out that the oldest transfer, which was for Fire Chief Olson, reflects a total transfer under line F which was calculated without deducting a percentage under line G as seen in recent service transfer calculations. He stated that the line G deduction appears to have been included in the calculation formula sometime after Fire Chief Olson's 2005 transfer.

Chairman Cross stated that on the City's website, last year's actuarial evaluation for the Scottsdale PSPRS Fire Local Board reflects that the Fire Department's funding ratio was 112%. He pointed out that they were one of the few departments that was more than 100% funded as of 2012.

In response to Board Member Springborn's inquiry regarding whether staff has been able to define the origin of line G, Mr. Nemec recalled that Public Safety cited 38-853.1 (a) related to service transfers and 38-853.1 (b) related to calculating service transfers on a market value basis or system wide funding.

Chairman Cross argued that Title 38 A.R.S. Section 38-853.01 related to the redemption of prior service.

Mr. Nemec stated that Public Safety informed him that Fire Chief Olson's service transfer was calculated before the market value basis was added to the statute.

Chairman Cross indicated that the statute information he was referring to was not up to date and requested that legal Counsel review the current statutes in order to report their findings to the Board at a future meeting.

Board Member Springborn requested that Counsel prepare a white paper discussing whether the actuarial formula used by Public Safety is accurate and up to date.

Chairman Cross summarized that the formula appears to have been amended in either 2010 or 2012, noting that the additional service transfer credit deduction would deter the hiring of outside employees, as well as limiting the portability of PSPRS member credits. Employee contribution rates would have to be incrementally increased in order cover the difference caused by transferred employees who have less than 100% investment into the fund.

Board Member Springborn commented that this calculation issue could present a big problem in the future because in 13 years approximately 70% of Fire Department employees will be eligible for retirement. There will be a need for lateral transfers from other fire departments, which would in turn result in a large reduction in the fund.

Ms. Auckland agreed to work with staff and Public Safety in order to prepare a report on this matter. Mr. Nemec confirmed that he has not yet discussed the matter with the City's legal or finance departments.

5. Board suggestions for upcoming agenda items

In response to Chairman Cross' inquiry regarding whether staff still planned to hold a meeting on November 15, 2012, Ms. Washington explained that there is a disability retirement application that must be discussed during November. Because there will not be a quorum for November 15, Board Members discussed scheduling another special meeting on November 21.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 10:32 a.m.

Respectfully Submitted by:

REVIEWED BY:

Ken Nemec
PSPRS Fire Local Board Secretary

Jack Cross
PSPRS Chairman/Mayoral Designee